

1	UNITED STATES DISTRICT COURT		
2	DISTRICT OF PUERTO RICO		
3	In Re:)	Docket No. 3:17-BK-3283 (LTS)
4)	
5	The Financial Oversight and)	PROMESA Title III
6	Management Board for)	
7	Puerto Rico,)	(Jointly Administered)
8	<i>as representative of</i>)	
9	The Commonwealth of)	
10	Puerto Rico, <i>et al.</i>)	August 8, 2022
11	Debtors,)	
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12	In Re:)	Docket No. 3:17-BK-3567 (LTS)
13)	
14	The Financial Oversight and)	PROMESA Title III
15	Management Board for)	
16	Puerto Rico,)	(Jointly Administered)
17	<i>as representative of</i>)	
18	The Puerto Rico Highways)	
19	and Transportation)	
20	Authority,)	
21	Debtors,)	
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PRETRIAL CONFERENCE

BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN

UNITED STATES DISTRICT COURT JUDGE

AND THE HONORABLE U.S. MAGISTRATE JUDGE JUDITH GAIL DEIN

UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

ALL PARTIES APPEARING VIA ZOOM

For The Commonwealth
of Puerto Rico, *et al.*: Mr. Brian S. Rosen, PHV
Mr. Michael Firestein, PHV

For Puerto Rico Fiscal
Agency and Financial
Advisory Authority: Mr. Peter Friedman, PHV

For Assured Guaranty
Corp. and Assured
Guaranty Municipal Corp: Mr. William J. Natbony, PHV

For HTA Insured
Bondholder Group: Mr. Matthew Madden, PHV

For The Vazquez
Velazquez Group: Mr. John E. Mudd, Esq.

Proceedings recorded by stenography. Transcript produced by
CAT.

1	I N D E X	
2	WITNESSES:	PAGE
3	None.	
4		
5	EXHIBITS:	
6	None.	
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1 San Juan, Puerto Rico

2 August 8, 2022

3 At or about 9:00 AM

4 * * *

5 THE COURT: Buenos dias. Would the courtroom deputy
6 please announce the case?

7 COURTROOM DEPUTY: Good morning, Your Honor.

8 The United States District Court for the District of
9 Puerto Rico is now in session. The Honorable Laura Taylor
10 Swain presiding. Also sitting, the Honorable Magistrate Judge
11 Judith Dein. God save the United States of America and this
12 Honorable Court.

13 *In re: The Financial Oversight and Management Board*
14 *for Puerto Rico, as representative of the Commonwealth of*
15 *Puerto Rico, et al., PROMESA, Title III, case no. 17-BK-3283;*
16 *In re: The Financial Oversight and Management Board for Puerto*
17 *Rico, as representative of the Puerto Rico Highways and*
18 *Transportation Authority, PROMESA, Title III, case no.*
19 *2017-3567, for pretrial conference.*

20 THE COURT: Thank you.

21 Would those who are participating by Zoom on video
22 please turn your cameras on for these introductory remarks and
23 instructions and keep your microphones muted.

24 Welcome counsel, parties in interest, and members of
25 the public and press. To ensure the orderly operation of

1 today's virtual hearing once we turn to our agenda items, all
2 parties appearing by Zoom must mute their microphones when
3 they're not speaking and turn off their video cameras if
4 they're not directly involved in the presentation or argument.
5 When you need to speak, you must turn your camera on and
6 unmute your microphone on the Zoom screen.

7 I remind everyone that consistent with court and
8 judicial conference policies, and the orders that have been
9 issued, no recording or retransmission of the hearing is
10 permitted by anyone, including but not limited to the parties,
11 members of the public, and the press. Violations of this rule
12 may be punished with sanctions.

13 I will be calling on each speaker during the
14 proceedings. When I do, please turn your camera on, unmute
15 yourself, and identify yourself by name for clarity of the
16 record. After the speakers listed on the agenda for each of
17 today's matters have spoken, I may permit other parties in
18 interest to address briefly any issues raised during the
19 presentations that require further remarks. If you wish to be
20 heard under these circumstances, please use the "raise hand"
21 feature at the appropriate time. That feature can be accessed
22 through the reactions icon in the tool bar located at the
23 bottom of your Zoom screen, and after I've called on the
24 speakers one by one and you are done speaking, the "lower
25 hand" feature is available in that same reactions icon.

1 Please don't interrupt each other or me during the
2 hearing. If we interrupt each other, it's difficult to create
3 an accurate transcript of the proceedings. Now, I apologize
4 in advance for breaking this rule as I may interrupt if I have
5 questions or if you go beyond your allotted time, and if
6 anyone has difficulty hearing me or another participant,
7 please use the "raise hand" feature immediately.

8 The agenda for today's conference, which was filed as
9 docket entry no. 21726 in case no. 17-3283 and docket entry
10 no. 1345 in case no. 17-3567, is available to the public at no
11 cost on Kroll Restructuring Administration, formerly known as
12 Prime Clerk, for those interested. I encourage each speaker
13 to keep track of his or her own time. The Court will also be
14 keeping track of the time and will alert each speaker when
15 there are two minutes remaining with one buzz, and when time
16 is up, with two buzzes. If you are speaking for three minutes
17 or less, you will only hear the final two buzzes. Here's an
18 example of the buzz sound.

19 (Sound played.)

20 THE COURT: If we need to take a break, telephone
21 listen-only participants are asked to remain on the AT&T line
22 during the break. This morning we will proceed until 11:50 AM
23 and resume, if necessary, from 2:10 in the afternoon to 5:00.
24 Please turn your cameras off now, and turn your camera back on
25 when we reach your agenda item or if I call on you. Thank

1 you.

2 I'll address motions in limine, the order
3 establishing procedures and deadlines concerning objections to
4 confirmation and discovery, which was docket entry no. 21301
5 in case no. 17-3283 and docket entry no. 1249 in case no.
6 17-3567. That deadline for motions in limine was July 25th,
7 2022. No motions in limine were filed.

8 Do any counsel have questions or comments that they
9 wish to make at this time regarding motions in limine? If so,
10 use the "raise hand" function now and then wait for me to call
11 on you.

12 Very well. I don't see any hands raised.

13 So we will proceed to the contested matter, which is
14 the Motion of the HTA Insured Bondholder Group Submitting
15 Exhibit List in Connection with the Confirmation of the HTA
16 Plan of Adjustment, Docket Entry No. 21619 in Case No.
17 17-3283, and Docket Entry No. 1303 in Case No. 17-3567, to
18 which Assured Guaranty Corporation and Assured Guaranty
19 Municipal Corporation have objected, and that objection is at
20 Docket Entry No. 21688 in Case No. 17-3283 and Docket Entry
21 No. 1330 in Case No. 17-3567.

22 I have a time allocation of five minutes for the
23 movants. Would the counsel who will be arguing this matter
24 please turn your cameras on?

25 I see that Mr. Natbony's camera is on, who will be

1 speaking for the objectors, and for the movants, I understand
2 that Mr. Madden will be speaking.

3 Mr. Madden, do you wish to reserve time for rebuttal?

4 MR. MADDEN: I'll reserve one minute, Your Honor.

5 THE COURT: Very good. Good morning. We'll put you
6 down for four minutes and one minute then.

7 So, Mr. Madden, you may proceed.

8 MR. MADDEN: Thank you, Your Honor. It's Matthew
9 Madden with Kramer Levin for the HTA Insured Bondholder Group.
10 Our group holds bonds insured by Assured. We filed a limited
11 objection to plan provisions that purport to accelerate our
12 bonds to allow Assured to prepay those bonds and to release
13 Assured from liability under the insurance policies that it
14 issued.

15 Before the Court today is our exhibit list which we
16 filed in support of that objection. It contains one item, the
17 official statement concerning the bonds. Assured challenges
18 our exhibit list on the grounds that the Court shouldn't even
19 hear our objection because our group filed it on the docket
20 about 90 minutes late.

21 Your Honor, we regret that we missed the deadline to
22 file the objection by 90 minutes, but this Court has the
23 discretion to consider such a late-filed objection. We cite
24 cases for that in our brief, and we ask the Court to do so
25 here. Our delayed filing occurred because our clients and

1 Assured had spent nearly a week discussing and trying to
2 resolve our concerns. Those discussions didn't end until just
3 a few hours before the 5:00 PM objection deadline on July 27.

4 Our clients couldn't authorize the filing of the
5 objection until those discussions had ended unsuccessfully,
6 and those clients in turn had to obtain a number of internal
7 consents in the same short period of time. What's more, one
8 prospective member of the class did not get those internal
9 consents, which caused us to have to, in the same short period
10 of time, recanvas the remaining members of the group to get
11 their authorization to file under the changed circumstances.
12 We filed our objection at 6:30 PM, as soon as we possibly
13 could, as that process was complete.

14 There is no prejudice to any party from the delayed
15 filing. As I said, Assured already knew the substance of our
16 concerns from having discussed it with our clients for the
17 better part of a week. Assured has already filed its
18 substantive response to our objection on the docket. To my
19 knowledge, no other party has asked for strict enforcement of
20 the filing deadline with respect to our objection, including
21 the Oversight Board.

22 (Sound played.)

23 MR. MADDEN: And our short delay caused no real harm
24 to any party. And so, in sum, recognizing that this Court has
25 discretion to entertain our tardy-filed objection, and because

1 | there was only a short filing delay based on late running
2 | discussions between the parties, and no prejudice to anyone
3 | before the Court, we respectfully ask the Court to consider
4 | the merits of our objection at next week's confirmation
5 | hearing and deny Assured's challenge to our exhibit list.
6 | Thank you.

7 | THE COURT: Thank you, Mr. Madden.
8 | Mr. Natbony.

9 | MR. NATBONY: Thank you, Your Honor. Good morning.
10 | William Natbony --

11 | THE COURT: Good morning. Mr. Natbony, we seem to be
12 | having irregular transmission of you, so will you start again,
13 | and let's see if we can have a smooth feed.

14 | MR. NATBONY: Thank you for the advice, Your Honor.
15 | I said, good morning. William Natbony of Cadwalader
16 | Wickersham & Taft. Can you hear me now?

17 | THE COURT: You are still glitching in and out.
18 | Would you speak a little more slowly than usual, and we'll see
19 | if the court reporter can hear you adequately. If not, I'll
20 | ask her to speak up, and I may ask you to go out and come back
21 | in again.

22 | MR. NATBONY: Thank you, Your Honor.

23 | So at the outset, Assured recognizes the Court has
24 | discretion to extend the objection deadline and thus allow the
25 | exhibit list to be considered. However, there are several

1 strong reasons here why the Court should decline to exercise
2 its discretion.

3 First, there is no dispute the deadline was missed,
4 and no allegation that the deadline was unknown to the
5 bondholder group. Second, the Court's procedures order set
6 forth and placed all parties on specific notice of the
7 unambiguous consequences if the deadline was missed. The
8 order stated that untimely objections would not be considered
9 and would be deemed overruled. Third, despite being on notice
10 of that and the expected consequences of missing the deadline,
11 it is undisputed that the bondholder group filed no request
12 for an extension of the deadline, and they did not do so
13 before, simultaneously with, or even after filing the
14 objection. Essentially, the group assumed that the Court
15 would bail them out. There's no reason, proffered or
16 otherwise, why the group could not have filed a motion for an
17 extension, for instance, as AAFAF recently did before this
18 Court, but instead acted cavalierly.

19 Fourth, the bondholder group's recent purported
20 explanation actually hurts them more than helps them. The
21 group claims it was busy talking with -- the objection --

22 THE COURT: You really just cut out now, so --

23 MR. NATBONY: I will state that paragraph again.

24 THE COURT: Okay. Thank you.

25 MR. NATBONY: I was saying that, fourth, the

1 bondholder group's recent purported explanation actually hurts
2 them more than helps them. The group claims it was busy
3 talking with Assured about resolving the objection, and,
4 ultimately, it didn't have sufficient time to finish the
5 objection and obtain necessary client authorizations. But,
6 significantly, the group does not allege and cannot allege
7 that Assured gave any assurances of resolution or of any
8 ability to extend the objection deadline, and of course
9 Assured did not have that ability anyway.

10 The timing and nature of any discussions were within
11 the group's control, and it admits in its response that
12 discussions began nine days before the deadline and that they
13 already had a written document outlining their objection days
14 before the objection was due, so whether or not discussions
15 continued --

16 (Sound played.)

17 MR. NATBONY: -- up until the objection was due, the
18 group knew of the deadline, understood the consequences, and
19 simply neglected to timely finalize the objection, seek an
20 extension, and failed to timely seek appropriate authority for
21 its filing. Each of these actions and the timing were within
22 their reasonable control and their counsel.

23 With all due respect to counsel on the other side,
24 these actions do not constitute excusable neglect, but
25 constitute simple neglect which, under the law, does not

1 support extending the deadline. And I would refer Your Honor
2 to the *Negron* case, 316 F.3d 60, from the First Circuit.

3 Allowing the group to move forward with its objection
4 and putting forth its exhibit does result in prejudice both to
5 the debtor and Assured. Absent the group's objection, the
6 plan would be largely uncontested. Allowing the objection to
7 move forward is also causing the increased expenditure of
8 resources, both by Assured and by the debtor in confirmation,
9 and, depending on the substantive outcome of the objection, if
10 heard, could create impediments to confirmation.

11 Your Honor, deadlines need to have meaning, and Your
12 Honor's orders need to have meaning, and especially in the
13 context of these proceedings, where the hearing was only
14 several weeks away from the objection deadline, the stated
15 consequences had a significant purpose, to make clear the
16 Court was not going to open the door to late confirmation
17 objections.

18 In sum, the Court should not open that door, and
19 should rule that the bondholder group's exhibit list be
20 stricken as moot. Thank you, Your Honor.

21 THE COURT: Thank you, Mr. Natbony.

22 Mr. Madden.

23 MR. MADDEN: Thank you. I'll be brief, Your Honor.

24 Mr. Natbony doesn't dispute nor could he that the
25 parties' good faith discussions lasted into the afternoon of

1 July 27th. Certainly, if our group hadn't engaged in good
2 faith discussions with Assured over the course of many days,
3 we would have had no problem meeting the Court's deadline,
4 which I agree we knew based on the Court's Order. That's the
5 cause of the delay, was trying to avoid having to file an
6 objection at all. We were unsuccessful, but, under those
7 circumstances, we think our late filing is excusable.

8 Mr. Natbony says that Assured made no assurances to
9 us during the parties' back and forth. I don't think that's
10 quite accurate, but I don't want to get into the confidential
11 communications back and forth by the parties. And
12 Mr. Natbony, before this hearing, actually instructed me not
13 to do so.

14 We did not file an extension request. Perhaps we
15 would have in hindsight knowing that Assured would object, but
16 we were trying to get our objection on file as quickly as we
17 can -- as we could that evening and get it filed with the
18 Court by 6:30 PM. We did not spend additional time trying to
19 attach to it a late filing extension request.

20 And, finally, Mr. Natbony claims that his client is
21 prejudiced today by costs it will incur based on the
22 late-filed objection. That has nothing to do with the late
23 filing itself of course. There's no claim in this matter that
24 Assured has experienced any substantive prejudice by the fact
25 that our objection was filed just 90 minutes after the

1 deadline. And so for all of those reasons, under these
2 circumstances of good faith negotiations, and a very short
3 filing deadline, we ask the Court to consider our objection on
4 the merits at next week's hearing and deny Assured's objection
5 to our exhibit list.

6 THE COURT: Thank you.

7 I will now rule on the objection to the tender of an
8 exhibit in support of the Insured Bondholder Group's
9 late-filed objection to the proposed HTA Plan of Adjustment.
10 In essence, as the arguments show, Assured is objecting to
11 consideration of the Insured Bondholder Group's objection to
12 confirmation of the proposed HTA Plan of Adjustment, and, in
13 that connection, seeking to strike the related exhibit.

14 The Court will not address the merits of the Insured
15 Bondholder Group's confirmation objection at this time. The
16 Court reserves the right to make non-substantive corrections
17 in any transcript of these remarks.

18 Pending before the Court is the Motion of the HTA
19 Insured Bondholder Group, which I will refer to as the IBG,
20 Submitting Exhibit List in Connection with Confirmation of the
21 HTA Plan of Adjustment. That Motion is Docket Entry No. 21688
22 in Case No. 17-3283, and Docket Entry No. 1330 in Case No.
23 17-3567. Assured Guaranty entities have interposed the
24 objection of Assured Guaranty Corporation and Assured Guaranty
25 Municipal Corporation. I'll refer to the Assured entities

1 collectively as "Assured", and I'll refer to the objection as
2 the "Assured Objection."

3 Assured argues that the exhibit list is moot and
4 should be stricken, because the confirmation objection to
5 which it relates was filed some 90 minutes after the objection
6 deadline that was set by the Court in its order approving
7 HTA's Disclosure Statement. The exhibit list was filed in
8 connection with the IBG's Limited Objection of the HTA Insured
9 Bondholder Group to the Third Amended Title III Plan of
10 Adjustment of the Puerto Rico Highways and Transportation
11 Authority. That is at Docket Entry No. 21617 in the 3283
12 case, and Docket Entry No. 1301 in the 3567 case. I'll refer
13 to IBG's objection to plan confirmation as the "IBG
14 Objection."

15 Assured argues that the proffer of the exhibit list
16 is moot, because the IBG Objection was filed after the Court
17 ordered deadline to file objections to the HTA's Third Amended
18 Title III Plan of Adjustment. HTA has since filed its fourth
19 amended plan, and so I will be referring to that most recent
20 plan as the HTA Plan. The HTA Plan objection deadline was set
21 in the Court's order approving the HTA Disclosure Statement,
22 which order, at paragraph 24, provided that "Confirmation
23 Objections that are not timely filed, served, and actually
24 received in the manner set forth above shall not be considered
25 and shall be deemed overruled."

1 Assured argues that because the IBG objection was
2 filed 90 minutes after the objection deadline, it must be
3 deemed overruled, so that the Assured objection must be
4 sustained and the exhibit list stricken. Assured recognizes
5 that the Court has discretion, but asserts that the IBG
6 deserves no leniency, because it is only now objecting to plan
7 provisions of which it had been aware for quite some time.

8 The IBG argues that the Court has discretion to
9 excuse the late objection, and explains that the filing was
10 late because of difficulty in obtaining all necessary consents
11 to file the objection after good faith efforts to resolve the
12 objection with Assured fell through, and its principal
13 argument is that the delay did not hamper any party's
14 opportunity to respond to its objection.

15 The Court has considered carefully the Assured
16 objection, the IBG response, and Assured's reply. Subdivision
17 9006(b)(1) of the Federal Rules of Bankruptcy Procedure, which
18 is made applicable to these Title III proceedings by § 310 of
19 PROMESA, provides in pertinent part that, "[W]hen an act is
20 required or allowed to be done at or within a specified period
21 by these rules, or by a notice given thereunder, or by order
22 of Court, the Court, for cause shown, may at any time in its
23 discretion on motion made after the expiration of the
24 specified period permit the act to be done where the failure
25 to act was the result of excusable neglect." The Court treats

1 the IBG's assertion that the late filing should be excused as
2 non-prejudicial and its proffer of logistical reasons for the
3 late filing as a motion to permit consideration of the late
4 filing.

5 The Court notes that IBG's very experienced counsel
6 could and should have filed an extension request prior to the
7 deadline, and the Court expects that such omissions will not
8 recur. The evaluation of excusable neglect involves an
9 equitable balancing of several factors. These include the
10 "danger of prejudice, the length of delay, and its potential
11 impact on judicial proceedings, the reason for the delay,
12 including whether it was within the reasonable control of the
13 movant, and whether the movant acted in good faith." See
14 *Graphic Communications International Union, Local 12-N v.*
15 *Quebecor Printing Providence, Inc.*, 270 F.3d 1, 5 (1st Cir.
16 2001), which quoted *Pioneer Investment Services Company v.*
17 *Brunswick Associates Limited Partnership*, 507 U.S. 380, 395, a
18 1993 Supreme Court case.

19 The Court must also consider intent, whether the
20 dilatory filing was made in bad faith with the intent to
21 disadvantage HTA or other parties in interest, and whether the
22 circumstances were within the reasonable control of the late
23 filer but neglect or indifference lead to the delay, or if the
24 late filer acted in good faith but was hindered by reasonably
25 unforeseen obstacles. Another factor for consideration is

1 whether the failure to comply with the deadline "resulted from
2 negligence, indifference, or culpable conduct on the part of a
3 late filer or its counsel." See *Pioneer Investment Services*,
4 507 U.S. 385, 395 to 396.

5 Here, IBG's counsel attributes the late filing to
6 difficulty in obtaining client consents after negotiations
7 broke down at a relatively late hour. Although client
8 consents to file pleadings may well be difficult to obtain in
9 a timely fashion, the Court again notes that applications for
10 extensions of deadlines would not appear to require such
11 consent, and, indeed, AAFAF requested an extension. So here
12 clients and counsel are perhaps equally responsible for the
13 violation of the filing deadline.

14 IBG's proffers, however, demonstrate that it engaged
15 in good faith efforts to resolve its objection prior to
16 filing. Accordingly, bad faith, or intent to prejudice, or
17 even to surprise the debtor and Assured is not evident.
18 Furthermore, it is clear that the delay of 90 minutes did not
19 prejudice the debtors or any party's ability to respond to the
20 IBG objection.

21 Finally, the Court notes that several plan documents
22 due yesterday evening from the debtor were late-filed, with
23 delays ranging from a few minutes to just over an hour with no
24 request for extension received by the Court. If I were to
25 take the hard line urged by Assured, the process of

1 adjudicating confirmation of the HTA Plan would assume an
2 entirely new level of complication. Although I have no wish
3 to encourage dilatory filings in the future, under these
4 circumstances, to deem the IBG confirmation objection
5 overruled without consideration of its merits would be an
6 unduly harsh result.

7 Accordingly, in this instance, the IBG's neglect is
8 excused. IBG's motion submitting the exhibit list is granted,
9 and the Assured objection is overruled in its entirety. The
10 Court will consider the merits of the late-filed IBG objection
11 in connection with HTA's motion for confirmation of the
12 proposed plan.

13 Thank you.

14 MR. MADDEN: Thank you, Your Honor.

15 MR. NATBONY: Thank you, Your Honor.

16 THE COURT: So now we will turn to the matters
17 concerning the conduct of the confirmation hearing, which is
18 Section III of the Agenda, and, first, the schedule for the
19 confirmation hearing and presentation of testimony in support
20 and in opposition to confirmation of the HTA Plan of
21 Adjustment. I have the debtor scheduled to speak for five
22 minutes in this connection.

23 Mr. Rosen.

24 MR. ROSEN: Good morning, Your Honor.

25 THE COURT: Mr. Rosen, your audio just dropped out.

1 Would you try again?

2 MR. ROSEN: Can you hear me, Your Honor?

3 THE COURT: Now I can hear you, so start again with
4 good morning, please.

5 MR. ROSEN: Good morning, Your Honor. Brian Rosen,
6 Proskauer Rose. Your Honor, the --

7 THE COURT: You're cutting in and out as well. I'm
8 not sure what's happening. Let's hope the third time is
9 lucky, so please try again.

10 MR. ROSEN: I will speak slowly, and hopefully the
11 court reporter will be able to hear everything. Is that okay,
12 Your Honor?

13 THE COURT: That's much better. Thank you.

14 MR. ROSEN: Your Honor, the first three items on the
15 agenda are actually, I would say, combined, and I could
16 probably treat all of them at one time. And I believe I'm the
17 only speaker in connection with those, so I'll try to be
18 complete, Your Honor.

19 Your Honor, first, I want to apologize. I did not
20 know that we had any filings that were beyond the five o'clock
21 deadline. We had started the process of filing everything at
22 three o'clock yesterday afternoon and, as you can see by the
23 sheer volume of pleadings that were filed, it took some time
24 for them all to come in. So I apologize, Your Honor, for any
25 that did make it as late as an hour beyond the five o'clock

1 deadline.

2 Your Honor, we started yesterday's filings with the
3 plan and the other related items, and the goal of that was to
4 deal with not only the objections that had been interposed but
5 also some clean-up items that various parties in interest had
6 requested in connection with the plan. I'll take note of like
7 one specific -- we had the surety objection, Your Honor, that
8 was handled the same way we handled the same surety objection
9 in connection with the Commonwealth Confirmation Order, and we
10 included a paragraph within the Confirmation Order to deal
11 with that. Similarly, the eminent domain one, Your Honor, we
12 showed in the reply that we included the same provisions that
13 the Court order authorized in connection with the Commonwealth
14 Plan of Adjustment.

15 So, Your Honor, there are a few objections to
16 confirmation that have been interposed. One was by the
17 surety, one by the eminent domain -- a party, Finca Matilde,
18 one by Mr. Mudd on behalf of certain plaintiff appellants, the
19 limited objection by AAFAF, and then the Franklin Nuveen
20 objection, which is limited and really directed towards
21 Assured, and the election provided by Assured in connection
22 with the Plan of Adjustment.

23 Your Honor, as referenced in the Reorg Research piece
24 that was put online today, Mr. Marrero, on behalf of AAFAF,
25 had noted that he fully expects the AAFAF limited objection to

1 be resolved prior to the commencement of the confirmation
2 hearing, and we, on behalf of the Oversight Board, believe the
3 same thing. We were very, very close to resolution of that
4 limited objection yesterday, Your Honor. We also were
5 prepared to file a reply, which we were -- and not seek an
6 extension of the time period, so we did that, Your Honor. We
7 filed the limited response to their objection in our reply,
8 but we do feel very comfortable that we will be able to
9 resolve that objection hopefully prior to the commencement of
10 the confirmation hearing. And, if necessary, Your Honor, that
11 might necessitate the filing of a very, very minor
12 modification to one of the sections of the Plan of Adjustment.

13 (Sound played.)

14 THE COURT: Mr. Rosen, that was on the five-minute
15 timing. I understand you're speaking to multiple items, but
16 Mr. Friedman has raised his hand and so I suspect he wants to
17 say something on behalf of AAFAF. So if you've concluded your
18 section talking about the status of the AAFAF objection, I
19 will call on Mr. Friedman.

20 Mr. Rosen, is this an appropriate time for me to call
21 on Mr. Friedman?

22 MR. ROSEN: That's fine, Your Honor.

23 THE COURT: Thank you.

24 Mr. Friedman.

25 MR. FRIEDMAN: Your Honor, it's Peter Friedman of

1 O'Melveny & Myers on behalf of AAFAF. I just wanted to
2 confirm what Mr. Rosen said is that our client has publicly
3 said, the executive director of AAFAF, that we are confident
4 we will be able to resolve this issue together. We are
5 continuing to work with the Oversight Board on this matter.

6 You know, we don't -- we are reviewing what was filed
7 yesterday to see if we need to, you know, examine any
8 witnesses in light of what was said, but, again, we really do
9 not believe that will be necessary. And we look forward to
10 continuing to work with the Board together to review this
11 matter. We're also reviewing the findings of fact and
12 conclusions of law, and if we have any concerns or questions,
13 we will obviously discuss those directly with the Board this
14 week.

15 THE COURT: Thank you, Mr. Friedman.

16 MR. FRIEDMAN: Thank you, Your Honor.

17 THE COURT: So, Mr. Rosen, you may resume.

18 MR. ROSEN: Thank you, Your Honor.

19 Yes, Mr. Friedman is correct, we've been working very
20 closely with the AAFAF team not only on the resolution of the
21 limited objection, but also to try and make sure that we are
22 in place for the consummation of the Plan of Adjustment in the
23 event that the Court were to confirm or approve the Plan of
24 Adjustment. And we will work with them with respect to the
25 findings and conclusions of law, as well as the Confirmation

1 Order which has previously been filed with the Court.

2 Your Honor, with that objection hopefully taken care
3 of, we did file the witness list previously, and we did not
4 receive any request for cross-examination of any of the
5 witnesses that we intend to submit. And yesterday we
6 submitted five declarations in support of confirmation of the
7 Plan of Adjustment: Ms. Pullo from Kroll, with respect to the
8 voting tabulation; Chairman David Skeel of the Oversight Board
9 in support, and going through many of the requisite provisions
10 of PROMESA and the Bankruptcy Code; Mr. Brownstein, discussing
11 feasibility, among other issues; Mr. Shah, discussing the best
12 interest test; and Mr. Jay Herriman of Alvarez & Marsal
13 briefly discussing the claims that have been asserted against
14 HTA. Again, Your Honor, nobody -- and that would be the order
15 in which we would present the witnesses in support of
16 confirmation.

17 Again, Your Honor, no party has requested to
18 cross-examine any of the witnesses, and we -- and, as I said,
19 we have filed these declarations, and it would be our intent
20 on the 17th to submit all of these declarations into evidence
21 as the Oversight Board and debtor's case in support of
22 confirmation.

23 THE COURT: Do we have -- I apologize for having to
24 ask you this question. Do we have a further deadline for any
25 request to cross-examine in light of particular content of the

1 | declarations?

2 | MR. ROSEN: Your Honor, a few of the parties had
3 | reserved their rights to do so, but I don't believe that there
4 | is a further deadline in order to do that, Your Honor.

5 | THE COURT: Well, so that the process will be
6 | orderly, I am going to consider filing a supplemental order
7 | providing a deadline of I'll say for now Friday for the filing
8 | of any statement of intent to cross-examine.

9 | MR. ROSEN: Well, Your Honor, obviously that's within
10 | your discretion. Based upon the objection to the
11 | confirmation, I would be very surprised if anybody did file
12 | that statement. Likewise, Your Honor, we did not file any
13 | statement to cross-examine the lone witness that had been
14 | proffered in opposition to the Plan of Adjustment, which was
15 | Mr. Mudd's witness. I believe it's Mr. Cespedes, Carlos
16 | Cespedes.

17 | So, Your Honor, with that, we would expect the
18 | confirmation hearing to move rather rapidly with statements in
19 | support of confirmation and dealing with what I would believe
20 | to be the few objections which should remain to confirmation,
21 | which would be Mr. Mudd's and the Insured Bondholder Group's,
22 | and to the extent that we cannot conclude the issue with
23 | respect to AAFAF. As I said, I believe the surety objection
24 | is taken care of by provisions within the Confirmation Order.
25 | I think -- objection to the --

1 COURT REPORTER: Counsel, you're breaking up. Your
2 Honor, this is the court reporter.

3 MR. ROSEN: -- of the Court's ruling with respect to
4 the Commonwealth Plan of Adjustment is incorporated into the
5 HTA --

6 THE COURT: I'm sorry. Would you slow down again,
7 because you're starting to cut out again.

8 MR. ROSEN: I apologize, Your Honor. What I was
9 saying, Your Honor, is we would believe that the confirmation
10 hearing should be handled rather expeditiously with the
11 submission of the declarations, because we believe, Your
12 Honor, that the surety and eminent domain objections are
13 resolved by way of Confirmation Order and the Plan of
14 Adjustment, respectively. That would leave only Mr. Mudd's
15 objection, which he has agreed that his time to oppose would
16 be limited to ten minutes, and then the Franklin Nuveen or
17 Insured Bondholder objection, which similarly is rather short
18 in duration, and the Assured response to that objection, Your
19 Honor. And of course there would be the AAFAF limited
20 objection to the extent that we do not resolve it, which as
21 both Mr. Friedman and I indicated, we expect will be --

22 THE COURT: Very well. Based on the status of the
23 objections, I would also be surprised if there were any
24 indication of intent to cross-examine the declarants, but, as
25 I say, I'll consider whether I ought to do that as a matter of

1 housekeeping.

2 MR. ROSEN: Yes, Your Honor. Thank you.

3 Your Honor, with that, unless you have any further
4 questions about the process that we see being undertaken for
5 confirmation, I believe that would leave just the matter of
6 the exhibits, which Mr. Firestein will handle.

7 THE COURT: Yes. I do not have any questions. I
8 have reviewed the agenda that you filed for the confirmation
9 hearing, which I note has time allocations for arguments and
10 statements in support that are relatively generous in light of
11 the status of the objections, but should certainly be
12 sufficient to cover the issues and also permit us to move
13 fairly expeditiously, as you said. And so thank you,
14 Mr. Rosen, and we'll turn now to Mr. Firestein.

15 MR. ROSEN: Thank you, Your Honor.

16 MR. FIRESTEIN: Good morning, Your Honor. Michael
17 Firestein of Proskauer on behalf of the Board. Given the
18 technical issues, can you hear me?

19 THE COURT: Yes. So far, perfectly.

20 MR. FIRESTEIN: All right. Well, we'll see.

21 Your Honor, I realize that there's only two minutes
22 that have been set for this. I hope to do it inside of that.
23 I don't know that there's going to be a need for the other
24 speakers, but of course we offered them the opportunity to do
25 so.

1 The debtors filed the exhibit list last week
2 sometime -- I can't remember. There have been a number of
3 deadlines. We did have a meet and confer with respect to the
4 exhibit list that we filed, as well as that by others to
5 address admissibility. With two exceptions, all of the
6 exhibits had no objections to their admission or as otherwise
7 identified, such as admitted but except for the truth, or for
8 identification purposes on our list.

9 The two exceptions were the HTA Insured Bondholder
10 Group issue, which the Court has now resolved, and, secondly,
11 the Board's objection to Mr. Mudd's exhibits, the limited
12 objection, which late last week we withdrew, so there should
13 be no issue there. Last evening, as I suspect the Court or
14 the parties saw, we did file a few new exhibits to update
15 several things. Much like the original exhibits, we do not
16 anticipate issues there, but if so, we would expect those to
17 be resolved or otherwise submitted to the Court pursuant to
18 the Court's directive. I think tomorrow is the time that we
19 need to have the book submitted to the Court where we identify
20 what is either not subject to objection or subject to
21 objection. And I think that would only apply to the most
22 recent exhibits that we submitted last night.

23 If I might, Your Honor, as a general cry to the
24 public, if there is anyone who has any objection to the
25 additional exhibits that we filed last evening, I would

1 encourage them to reach out to me ASAP so that we can, you
2 know, resolve any issue that might be there. If I might, Your
3 Honor, suggest that to the extent that no one reaches out, to
4 avoid having to set up unnecessary 50 person meet and confers,
5 that we'll just assume that those who don't reach out to me
6 don't have any objection to those additional exhibits if
7 that's all right with the Court.

8 Otherwise, I don't --

9 THE COURT: It seems to me all of -- it's all right
10 with the Court given that all of the entities that have raised
11 any issues have registered for this Zoom conference. There
12 are many people on the conference, and so I am going to assume
13 that everyone has heard your cry to the public as it were.

14 MR. FIRESTEIN: Thank you, Your Honor. And, again, I
15 don't anticipate that there will be any issues with respect to
16 that, but to the extent that there are, we will endeavor to
17 have them separated out for submission to the Court pursuant
18 to tomorrow's deadline. And other than that, Your Honor, I
19 think that that would resolve or address all the issues on
20 this particular item.

21 THE COURT: Thank you.

22 Is there anyone else who wishes to be heard on the
23 subject of exhibits? If so, raise your hand.

24 I don't see any hands raised, and so I think we have
25 dealt with the issue of exhibits. I will look forward to

1 receiving the consolidated PDF book with the final word as
2 of -- yes, that time, which -- as to whether any exhibits have
3 been -- I'm sorry, any objections have been raised.

4 Are there any other matters that we need to address
5 at this final pretrial conference? Mr. Mudd has raised his
6 hand.

7 Mr. Mudd.

8 MR. MUDD: Excuse me. Can you hear me, Your Honor?

9 THE COURT: Yes, I can. Just speak a little bit
10 slowly. Thank you.

11 MR. MUDD: Okay. Just in an abundance of caution,
12 there has been no party that has requested cross-examination
13 of Mr. Cespedes, but I was wondering if the Court would like
14 him to be there present on the 17th if the Court would have
15 any questions.

16 THE COURT: I do not anticipate myself having any
17 questions for your declarant, and so if there continues to be
18 no request for cross-examination of him, you are not required
19 to bring him.

20 MR. MUDD: Thank you, Your Honor.

21 THE COURT: Thank you.

22 Is there anyone else?

23 I don't see any other hands raised, and so this
24 concludes the agenda for this conference. The next scheduled
25 hearing is the plan confirmation hearing scheduled to begin on

1 August 17th, 2022, at 9:30 AM Atlantic Standard Time and
2 resume, if necessary, on August 18th. The Omnibus Hearing
3 will commence immediately after the conclusion of the
4 confirmation hearing, and the hearing will occur over a
5 combination of in-person appearances in San Juan, Puerto Rico,
6 and a live Court Solutions telephone line.

7 As always, I'd like to thank the court staff in
8 Puerto Rico, Boston, and New York for all of their work in
9 support of these hearings and the ongoing administration of
10 these cases. Stay safe and keep well, everyone. We are
11 adjourned.

12 MR. ROSEN: Thank you, Your Honor.

13 MR. FIRESTEIN: Thank you, Your Honor.

14 (At 9:49 AM, proceedings concluded.)

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1 U.S. DISTRICT COURT)
2 DISTRICT OF PUERTO RICO)

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4 I certify that this transcript consisting of 33 pages is
5 a true and accurate transcription to the best of my ability of
6 the proceedings in this case before the Honorable United
7 States District Court Judge Laura Taylor Swain, and the
8 Honorable United States Magistrate Judge Judith Gail Dein on
9 August 8, 2022.

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13 S/ Amy Walker

14 Amy Walker, CSR 3799

15 Official Court Reporter

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